

**GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA**

UNSTARRED QUESTION NO:4220
ANSWERED ON:17.12.2002
FERTILIZERS INDUSTRY
KAMBALAPADU E. KRISHNAMURTHY;M. JAGANNATH

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

- (a) whether it is true that for the first time fertilizer manufacturers companies are certainly made accountable for their efficiency;
- (b) if so, the details of the innovative measures undertaken by the Union Government to boost efficiency in fertilizer industry;
- (c) whether it is also a fact that the subsidy being given by the Government under Retention Pricing Scheme to the fertilizer industry is becoming a burden to the Government and it is giving a way to cover the industry's inefficiency rather than reducing the prices for the farmer;
- (d) if so, the details thereof; and
- (e) the measures being taken or taken by the Government in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI TAPAN SIKDAR)

(a) to (e) : Improving the efficiency of fertilizer companies is an on-going exercise of the Government for keeping the subsidy burden under control. Keeping that in mind, policy parameters governing the determination of retention prices of urea units were recently revised for the 7th and 8th pricing periods. The 7th Pricing Period covers the period from 1.7.1997 to 31.3.2000 and the 8th Pricing Period will cover the period from 1.4.2000 to 31.3.2003 or till new pricing policy comes into existence, whichever is earlier. Government is also in the process of formulating a new pricing policy for urea units keeping in view the recommendations of the Expenditure Reforms Commission for replacing the existing Retention Price Scheme. The proposed new pricing policy will aim at greater transparency, efficiency and uniformity in subsidy disbursement to urea units and will also induce them to take cost reduction measures on their own to be competitive.